

PETROLEUM IN ALASKA'S FUTURE: WHY SHOULD RURAL ALASKA CARE?

by

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Southwest Alaska Municipal Conference
Anchorage, Alaska
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University of Alaska Anchorage

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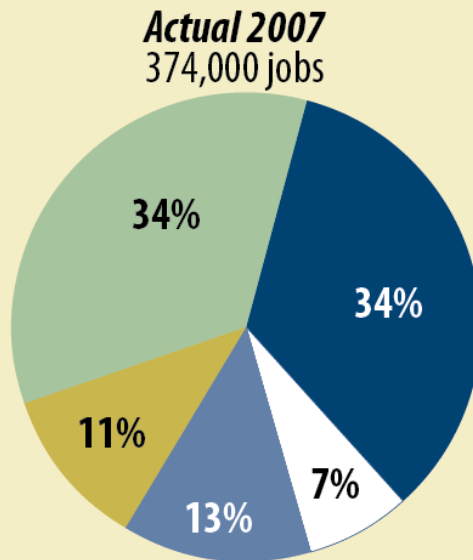
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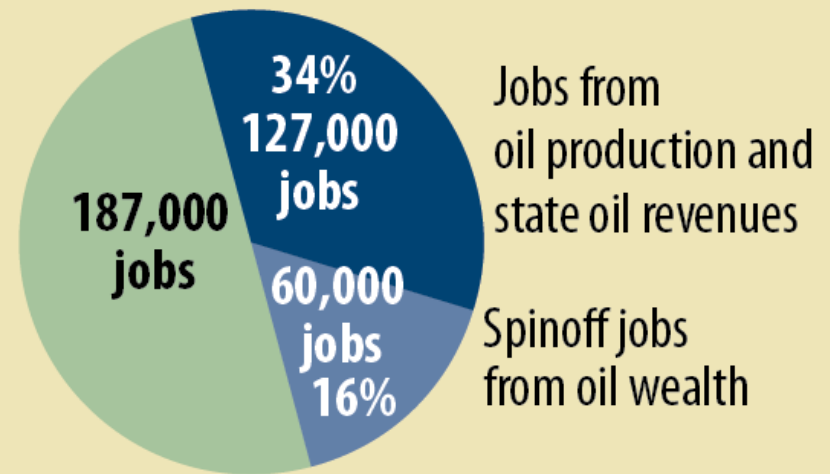
The 3 Legged Stool



Half the Jobs in Alaska Can be Traced to Petroleum



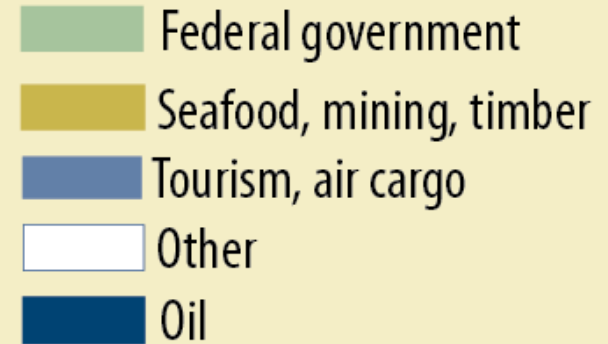
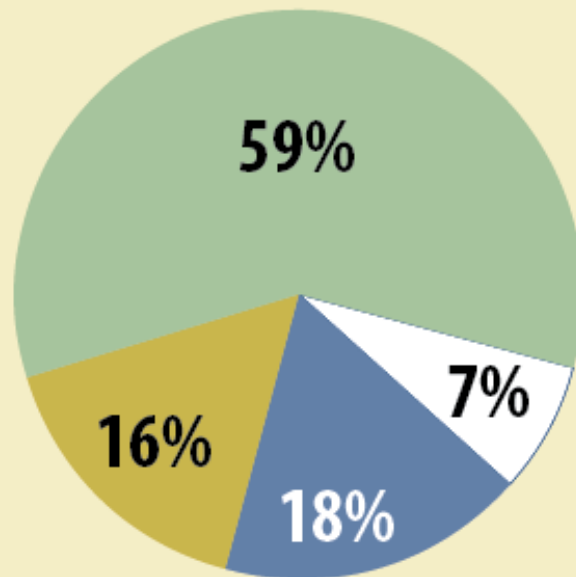
Actual 2007



- Federal government
- Seafood, mining, timber
- Tourism, air cargo
- Other
- Oil

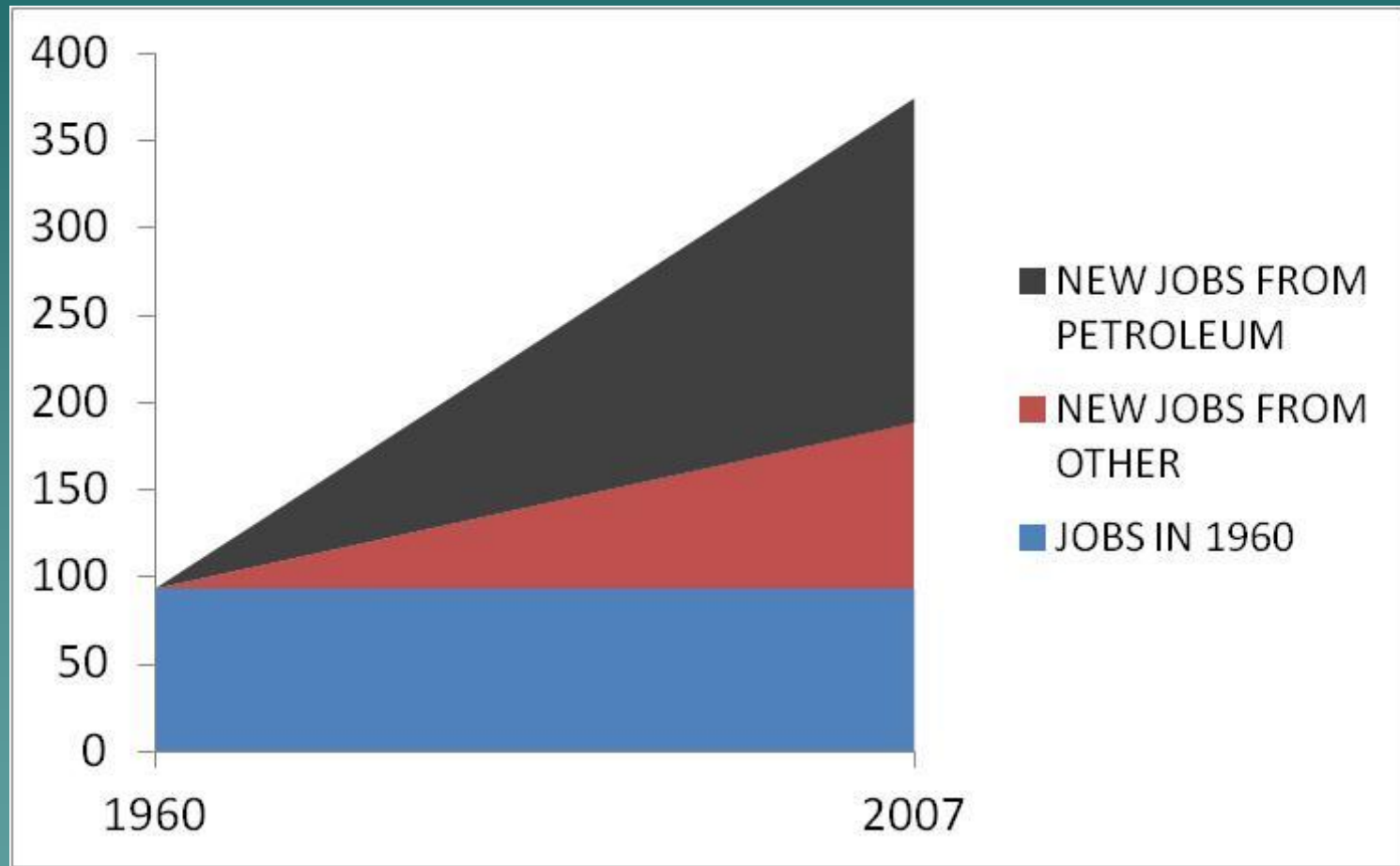
Without Petroleum: A Very Different Alaska

2007 Without Oil
187,000 jobs



- SMALL: 187 thousand jobs
- THIN
- SEASONAL
- TRANSIENT
- FEDERAL DOMINATION
- INFRASTRUCTURE UNDERDEVELOPED
- LIMITED TAX BASE
- POOR: Income 10-20% below US average

2/3 of the Job Growth Since Statehood Due to Petroleum



Direct
Effect
#1

Petroleum Production: Jobs From the Oil Patch

TOTAL	44,800
Other Indirect and Induced	26,033
Other Support	7,100
Petroleum Industry Support	7,670
Primary Companies	3,997



Source: McDowell Group, 2011.



INDUSTRIAL SERVICES, LLC

Subsidiary of Bristol Bay Native Corporation

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CCI Industrial Services, LLC provides specialized services for facility and infrastructure owners. For the past two decades CCI has had a presence on the oil fields of Alaska's North Slope, providing:

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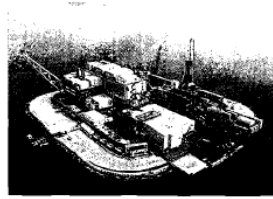
oilfield services

Dowland-Bach, Inc

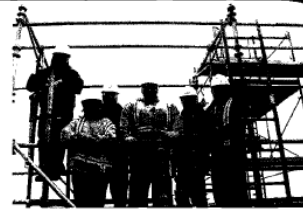
Dowland-Bach was founded in 1975 to meet the need for fail-safe wellhead and flowline protection for the Prudhoe Bay oilfield on Alaska's North Slope. Dowland-Bach has since expanded into the engineering and design fields, providing a comprehensive suite of services to clients. Dowland-Bach prides itself on delivering products that operate successfully in remote locations, providing customers with years of trouble-free service. The Company maintains a large, diversified customer base and has the capability to engineer and manufacture products to meet the needs of our clients. Other specialties include customized stainless steel fabrication, electrical control systems, custom engraving and specialized flex-cable production.



6130 Tuttle Place
Anchorage, AK 99507
(907) 562-5818
www.dowlandbach.com



**NORTH SLOPE
JOBS AVAILABLE
FOR
ALASKA
RESIDENTS**



CH2M Hill Training Camps

**Direct Partnership between CH2M Hill, Alaska Department of Labor,
Alaska Native/Village Corporations, Alaska National Guard, and
Southwest Alaska Vocational and Education Center (SAVEC).**

CH2M Hill will provide participants with the specific skills required to obtain jobs as General Maintenance Technicians (GMT's). First year GMT's average \$50,000 annually (regular pay plus overtime) which immediately provides the participant with the opportunity to earn at least the average annual wage in Alaska. GMT's will typically work two 80 hour work weeks with two weeks off.

Training is Industry Specific and will result in industry-recognized skills and certifications through the National Center for Construction Education and Research (NCCER).

Successful completion of all training courses will most likely result in employment for participants. Students will receive hands-on training from journeyman level instructors.

These three weeks of training will be designed for students desiring careers in general maintenance. Twenty applicants will be selected and all successful graduates will be considered for employment by CH2M Hill.

**Applications will currently
be accepted through
Feb 17, 2012**

Applications are available from:

Anchorage:
Trevor O'Hara, CH2M Hill
907-550-8151 or e-mail:
Trevor.Ohara@CH2M.com

King Salmon:
SAVEC, www.savec.org
907-246-4600 or e-mail:
becky@savec.org or
annette@savec.org

Minimum Requirements

- An Alaskan resident
 - 18 years or older
 - Completed high school or have GED - transcript required
 - Valid Alaska driver's license with access to 5 year driving record
 - Must pass a drug check indicator
-
- Students will be required to pay their own transportation expense (airfare R/T) to SAVEC for the three week training camp.
 - Housing, meals are included in the training.
 - Financial assistance may be available from regional organizations for all qualifying individuals within their service area.
 - The University of Alaska Fairbanks may provide credit through the UAF Bristol Bay Campus and Housing and Urban Development Grant.
 - A Background Check will be conducted by CH2MHILL for those who are selected for a primary/alternate training slot.

SAVEC
P.O. Box 615
King Salmon, AK 99613
(907) 246-4600

Direct
Effect
#2

Petroleum Revenues



SAVE
\$37
Billion



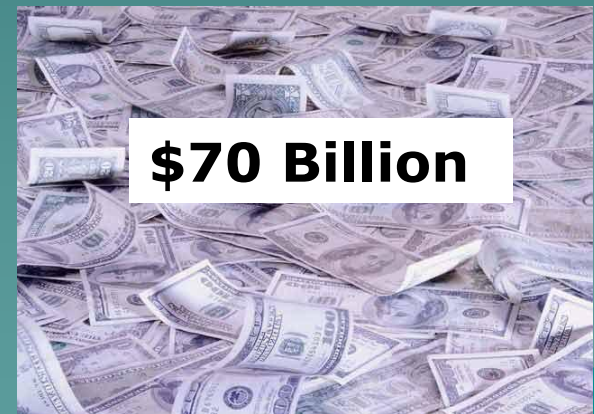
Lighter Tax Burden



SPEND
\$120
Billion

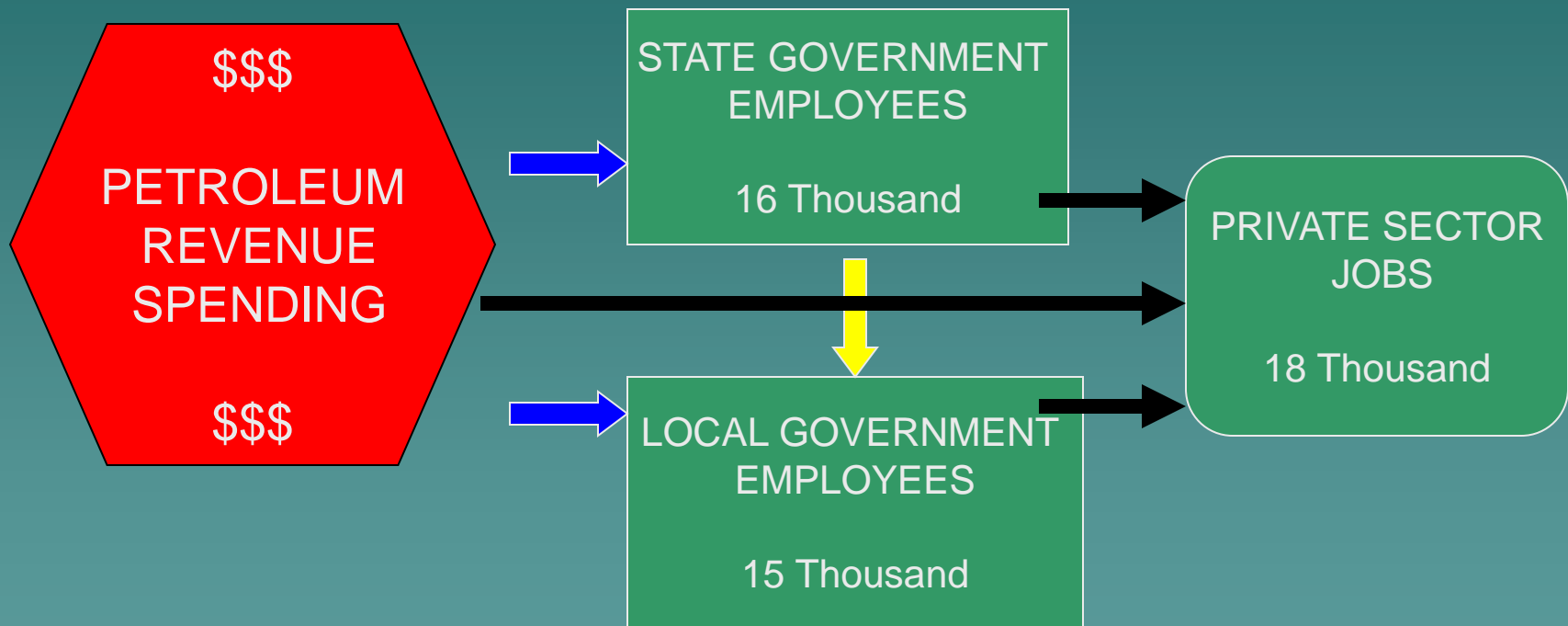


Greater Public Spending



59-10 in 2010 \$

Petroleum Revenues: Jobs From Government Spending



TOTAL JOBS = 49 THOUSAND

Assumption: All Spent Petroleum Revenues Pay for Operations.

Operating Spending from Petro \$\$

	Jobs	Earnings	Earnings %
Aleutians East	287	\$8.8	15%
Aleutians West	532	\$21.5	15%
Bristol Bay Bor	183	\$8.6	15%
Dillingham	685	\$22.8	24%
Kodiak	1,155	\$47.7	20%
Lake and Pen	377	\$10.9	40%

State and Local Government Jobs combined

Construction Spending from Petro \$\$

KODIAK HOUSE DISTRICT

Kodiak (HD 36) Only

House District Detail

HD	Dept	Project Title	Unrestricted GF Amount	Designated GF Amount	Other Amount	Federal Amount	Total
Kodiak (HD 36)							
Commerce		Outfitter - Electrical Bucket Truck Purchase	50,000	0	0	0	50,000
NatRes		Parks and Outdoor Recreation Deferred Maintenance - Kodiak Area	131,000	0	0	0	131,000
Commerce		Pedro Bay - Construction of Road and Bridge for Landfill Access	105,000	0	0	0	105,000
Commerce		Port Alsworth - Fire Hall Addition	95,000	0	0	0	95,000
Commerce		Port Lions - City Dock and Ferry Terminal Replacement	8,000,000	0	0	0	8,000,000
Commerce		Port Lions - Port Lions Causeway Rehabilitation	25,000	0	0	0	25,000
		Senior Citizens of Kodiak, Inc. - Senior Home Meal Delivery Van Purchase	25,000	0	0	0	25,000
		Threshold Services, Inc. - Shelter for Recycling Drop-Off and Sorting	50,000	0	0	0	50,000
		Westward Region DDCON Sower Purchase	105,000	0	0	0	105,000
Kodiak (HD 36) total:			35,892,770	4,359,340	1,964,000	7,800	41,443,810
Report total:			35,892,770	4,359,340	1,964,000	7,800	41,443,810

Kodiak (HD 36) Only

House District Detail

HD	Dept	Project Title	Unrestricted GF Amount	Designated GF Amount	Other Amount	Federal Amount	Total
Kodiak (HD 36)							
Commerce		ADA - Kodiak Electric Association Terror Lake Hydroelectric Facility Expansion	3,750,000	0	0	0	3,750,000
Commerce		Alitvik - Tsunami Shelter Construction	50,000	0	0	0	50,000
Commerce		Alaska Village Electric Cooperative, Inc. - Old Harbor Hydroelectric	0	237,500	0	0	237,500
Commerce		Igloo - Landfill Incinerator Burn Unit Purchase	30,000	0	0	0	30,000
Commerce		Ilamna - Ilamna Community Activity Area	85,000	0	0	0	85,000
Commerce		Island Trails Network - Kodiak Youth Workforce Pilot Project	48,470	0	0	0	48,470
Commerce		Kodiak - Baranof Park Improvements	2,000,000	0	0	0	2,000,000
Commerce		Kodiak - New Library Construction	6,900,000	0	0	0	6,900,000
Commerce		Kodiak - Pedestrian Pathway Planning and Design	0	0	364,000	0	364,000
Commerce		Kodiak - Pier and Downtown Pedestrian Improvements	0	0	1,800,000	0	1,800,000
PubSaf		Kodiak - Post Facilities Repair and Improvements	25,000	0	0	0	25,000
EnvCon		Kodiak - Ulukukuk Secondary Water Treatment Facility	3,616,200	0	0	0	3,616,200
Commerce		Kodiak Area Native Association - Design of Child and Family Resource Center	75,000	0	0	0	75,000
Commerce		Kodiak Electric Association, Inc. - Terror Lake Hydroelectric Project	0	3,751,840	0	0	3,751,840
Commerce		Kodiak Island Borough - Anton Larsen Dock	2,000,000	0	0	0	2,000,000
Commerce		Kodiak Island Borough - Chirikof Warming Sheds	45,000	0	0	0	45,000
Commerce		Kodiak Island Borough - Emergency School Generators	2,182,000	0	0	0	2,182,000
Commerce		Kodiak Island Borough - Long Term Care Facility Planning & Design	1,275,000	0	0	0	1,275,000
Commerce		Kodiak Island Borough - Women's Bay Tsunami Emergency Shelter Construction	1,025,000	0	0	0	1,025,000
MSWA		Kodiak LED Exterior Lighting	2,500	0	0	7,800	10,300
Commerce		Kodiak Maritime Museum - Harbor Gateway Project	396,000	0	0	0	396,000
Commerce		Kodiak Public Broadcasting Corporation - Planning and Design for Expansion of Public Broadcasting Facility	23,000	0	0	0	23,000
Commerce		Kodiak Regional Aquaculture Association - Kistol Bay Hatchery Maintenance and Upgrade	1,308,000	0	0	0	1,308,000
Commerce		Kodiak Regional Aquaculture Association - Lake Nutrient Enrichment Project	720,000	0	0	0	720,000
Commerce		Kodiak Regional Aquaculture Association - Pillar Creek Hatchery Maintenance and Upgrade	767,000	0	0	0	767,000
Commerce		Kodiak Water & Soil Conservation District - Kodiak Farm to School Project	15,000	0	0	0	15,000
Commerce		Kotikhanok - Multi-purpose Building Design & Feasibility	30,000	0	0	0	30,000
Commerce		Lake & Peninsula Borough - Wood Boilers	0	368,900	0	0	368,900
Commerce		Larsen Bay - Municipal Building Diesel to Electric Heat Conversion	25,000	0	0	0	25,000
Commerce		Levelock - Heavy Equipment Purchase	90,000	0	0	0	90,000
Commerce		Newhalen - Road Construction	50,000	0	0	0	50,000
Commerce		Nondalton - Landfill Solid Stewer	45,000	0	0	0	45,000
Commerce		Old Harbor - Road Maintenance Equipment Purchase	25,000	0	0	0	25,000

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State of Alaska
Office of Management and Budget

Released June 29th, 2011
Page 1 of 2

\$35 Million

FY2012 State Capital Budget

Other Spending from Petro \$\$: Some Examples

- Power Cost Equalization
- Medicaid
- Energy Rebate Program
- Alaska State Ferry Operating Subsidy

Local Tax Capacity?



MINING
\$8,000 / Oz.

TOURISM
\$4,000 / Visitor



SEAFOOD
\$40 / Salmon

Excise Tax to Raise \$6 Billion

Direct
Effect
#3

Alaska Permanent Fund Dividend

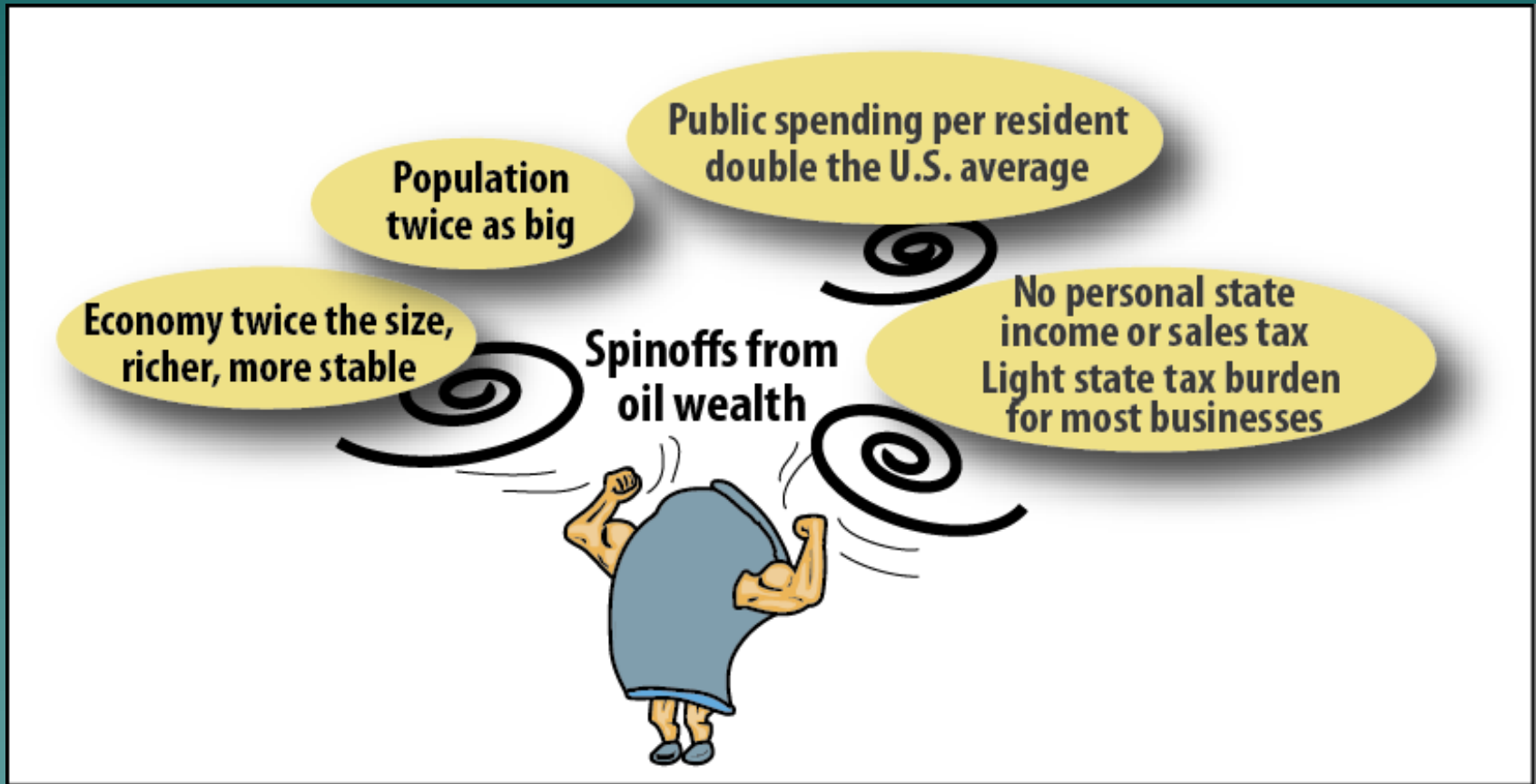


Family of 4: Annual Benefit



TOTAL	\$25,000
PFD	\$5,000
NO TAXES	\$10,000
EXTRA SPEND	\$10,000

Spinoffs from Petroleum



Spinoff
Effect
#1

Petroleum Spinoff: Lite Tax Burden on Households

\$2,500 per capita*



* Based on national average state Income and sales tax rates in 2011.

Spinoff
Effect
#2

Petroleum Spinoff: Lite Tax Burden on Resource Industries

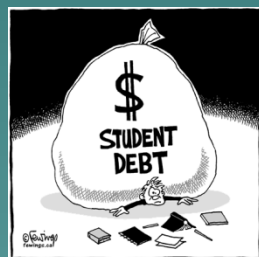
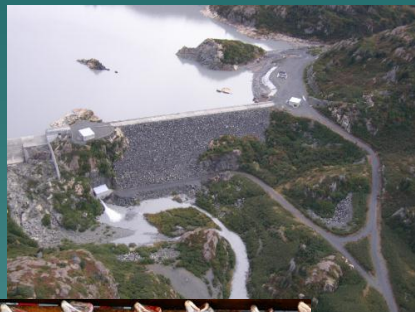


State & Local Revenues from Seafood, Tourism, Mining, Timber

Actual (avg 05-07)	\$200 mill
If Oil \$ Disappeared	\$900
Incremental Burden, no Oil \$	\$700
Increase in Tax Rate	4 X

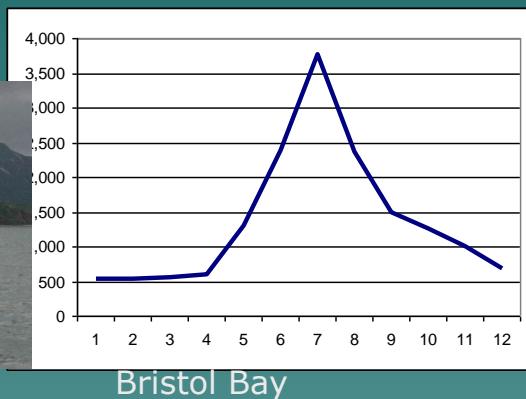
Spinoff
Effect
#3

Petroleum Spinoff: Enhanced Public Spending

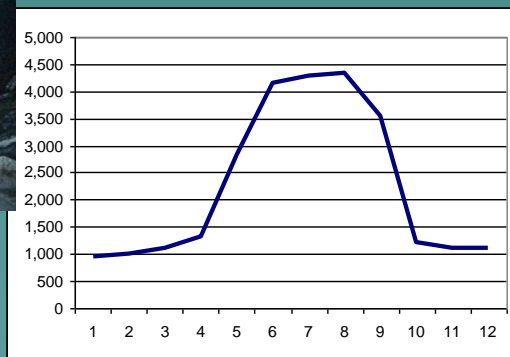


Spinoff Effect #4

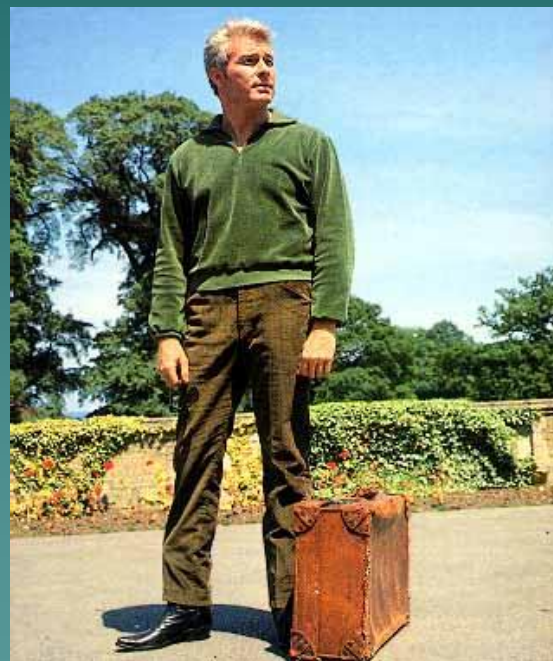
Petroleum Spinoff: Stability



Bristol Bay



Denali Borough





Petroleum Wealth in the Bank (Billion \$)

FINANCIAL ASSETS	\$55
Permanent Fund	\$40
Constitutional Budget Reserve	\$12
Statutory Budget Reserve	\$1
General Fund	\$2
Other	-

Petroleum Wealth in the Ground



Future Revenues	\$85	
State Land—North Slope 2013-2021	\$46	Alaska Department of Revenue
State Land—North Slope 2022+	\$30	Author estimate
State Land—Other Locations	-	
State Land—Heavy Oil	\$1	Author estimate
Federal NPRA	-	Included in ADOR forecast
Federal OCS	\$1	Author estimate
Federal ANWR	-	Author estimate
Gas	\$7	TransCanada AGIA Application adjusted by author

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